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JULY 1, 2006

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BEFORE THE BOARD OF MILK CONTROL  
OF THE STATE OF MONTANA  
ANNOUNCEMENT OF CLASS I, II & III PRODUCER PRICES



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PUBLISHED: July 1, 2006  
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REF: ARM 32.24.301(5)

PRODUCER CLASS I PRICE IN MONTANA

CLASS I PRICE FOR MILK TESTING 3.5%	\$13.89 /CWT
CLASS I BUTTERFAT PRICE PER POUND	\$1.27 /LB

EFFECTIVE AUGUST 1, 2006:

The minimum price to pay milk producers, under ARM 32.24.301, is \$13.89 per hundred pounds of milk testing 3.5% butterfat, f.o.b. the milk distributor's plant.

When milk does not test 3.5% butterfat, compute the applicable price by applying a differential of 12.7 cents for each one-tenth of one percent butterfat above or below the midpoint of each producer payment. The value of one pound of butterfat utilized will be \$1.37.

STATE DOCUMENTS COLLECTION

JUL 18 2006

PRODUCER CLASS II PRICE IN MONTANA

MONTANA STATE LIBRARY  
1515 E. 6TH AVE.  
HELENA, MONTANA 59620 REF: ARM 32.24.301(6)

CLASS II PRICE FOR MILK TESTING 3.5%	\$10.42 /CWT
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Average spray process dry milk solids

price per pound	=	\$0.84625
Multiplied by 8.2	x	8.2

\$6.93930

\$6.93930

Last quote of the month for Grade AA butter  
minus a differential of \$.0895

minus a differential of \$.0895	=	\$1.06050
Multiplied by 4.2	x	4.2

\$4.45410

+\$4.45410

LESS a make allowance of 8.5% ( \$11.3934 X .085)

-\$11.39340

-\$0.96844

+\$10.42496

Rounded to the nearest whole cent = \$10.42 /hundredweight.

**CLASS II BUTTERFAT PRICE PER POUND****\$1.18 /LB**

Last quote of the month for Grade AA butter  
 minus a differential of \$.0895 = \$1.06050 X .111 )  
 Rounded to the nearest half cent

= \$0.11772  
 = \$0.118

Butterfat value per pound  
 for milk at 3.5% test: \$1.18

Hundredweight price of milk testing 3.5%  
 LESS 3.5 pounds of butterfat at \$1.18 per pound  
 Value of 96.5 pounds of skim

= \$10.42  
 - \$4.130  
 = \$6.290

**CLASS II VALUE OF  
ONE POUND OF SKIM**

6.290 / 96.5 pounds) = \$0.06518 /LB

**PRODUCER CLASS III PRICE IN MONTANA**

REF: ARM 32.24.301(7)

**CLASS III PRICE PER CWT FOR MILK TESTING 3.5%****\$8.88 /CWT**

3.5 pounds of butterfat	x	\$0.95 per pound =	\$3.325
96.5 pounds of skim	x	\$0.05760 per pound =	\$5.558
			<u>\$8.883 /CWT</u>

**CLASS III BUTTERFAT PRICE PER POUND****\$0.95 /LB**

Last quote of the month for Grade AA butter  
 minus a difference of \$.0895 = \$1.06050  
 LESS 10% - \$0.10605  
\$0.95445

Rounded to the nearest whole cent = \$0.95 per pound.

**CLASS III PRICE PER CWT FOR SKIM MILK UTILIZED****\$5.75958 /CWT**

Avg. spray process dry milk solid price/lb =	\$0.84625
Multipled by 8.2	x 8.2
	<u>\$6.93925</u>
LESS 17%	- \$1.17967
	<u>\$5.75958</u>

Rounded to the nearest whole cent = \$5.76 per hundredweight.

BY ORDER OF THE MONTANA MILK CONTROL BUREAU

Compiled by: Monte NickMonte Nick, Bureau Chief  
 Montana Milk Control Bureau

## BREAKDOWN BY TEST FOR CLASS I, II &amp; III SKIM PRICES

CLASS I SKIM PRICE BASED ON \$13.89 FOR 3.5% MILK 96.5 LBS = \$9.445			CLASS II SKIM PRICE BASED ON \$10.42 FOR 3.5% MILK 96.5 LBS = \$6.290			CLASS III SKIM PRICE BASED ON \$8.88 FOR 3.5% MILK 96.5 LBS = \$5.558		
Blend Prices		Quota	Blend Prices		Quota	Blend Prices		Quota
		Excess			Excess			Excess
Jan-96	\$ 14.77	\$ 10.75	Jul-99	\$ 12.85	\$ 11.66	Jan-03	\$ 12.85	\$ 10.61
Feb-96	\$ 14.75	\$ 9.63	Aug-99	\$ 13.25	\$ 13.11	Feb-03	\$ 11.08	\$ 9.52
Mar-96	\$ 13.39	\$ 9.94	Sep-99	\$ 14.79	\$ 12.26	Mar-03	\$ 11.31	\$ 9.65
Apr-96	\$ 13.78	\$ 9.40	Oct-99	\$ 16.32	\$ 10.20	Apr-03	\$ 11.10	\$ 10.06
May-96	\$ 14.18	\$ 9.37	Nov-99	\$ 17.00	\$ 8.10	May-03	\$ 11.17	\$ 9.80
Jun-96	\$ 13.98	\$ 9.84	Dec-99	\$ 12.68	\$ 8.18	Jun-03	\$ 10.99	\$ 9.49
Jul-96	\$ 15.42	\$ 11.48	Jan-00	\$ 11.39	\$ 8.14	Jul-03	\$ 11.23	\$ 10.00
Aug-96	\$ 16.52	\$ 13.19	Feb-00	\$ 12.33	\$ 7.98	Aug-03	\$ 11.65	\$ 12.40
Sep-96	\$ 16.14	\$ 13.37	Mar-00	\$ 12.15	\$ 8.05	Sep-03	\$ 12.58	\$ 12.67
Oct-96	\$ 16.33	\$ 12.47	Apr-00	\$ 12.18	\$ 8.03	Oct-03	\$ 14.50	\$ 14.08
Nov-96	\$ 17.19	\$ 10.54	May-00	\$ 12.35	\$ 7.79	Nov-03	\$ 14.09	\$ 12.38
Dec-96	\$ 15.41	\$ 8.09	Jun-00	\$ 12.47	\$ 7.83	Dec-03	\$ 14.60	\$ 11.22
Jan-97	\$ 13.25	\$ 11.85	Jul-00	\$ 13.11	\$ 9.21	Jan-04	\$ 14.15	\$ 10.59
Feb-97	\$ 13.01	\$ 9.83	Aug-00	\$ 13.51	\$ 8.04	Feb-04	\$ 12.75	\$ 11.64
Mar-97	\$ 13.35	\$ 9.95	Sep-00	\$ 13.38	\$ 9.53	Mar-04	\$ 13.15	\$ 12.48
Apr-97	\$ 13.84	\$ 9.88	Oct-00	\$ 13.49	\$ 8.14	Apr-04	\$ 14.23	\$ 13.94
May-97	\$ 13.79	\$ 8.11	Nov-00	\$ 13.40	\$ 10.31	May-04	\$ 14.45	\$ 13.95
Jun-97	\$ 12.37	\$ 8.09	Dec-00	\$ 12.82	\$ 9.29	Jun-04	\$ 18.35	\$ 12.97
Jul-97	\$ 12.34	\$ 8.14	Jan-01	\$ 14.01	\$ 10.23	Jul-04	\$ 19.04	\$ 10.58
Aug-97	\$ 12.41	\$ 9.59	Feb-01	\$ 13.47	\$ 9.91	Aug-04	\$ 17.27	\$ 11.19
Sep-97	\$ 12.80	\$ 10.38	Mar-01	\$ 12.84	\$ 10.47	Sep-04	\$ 14.63	\$ 11.29
Oct-97	\$ 13.76	\$ 10.50	Apr-01	\$ 14.10	\$ 11.76	Oct-04	\$ 14.24	\$ 11.17
Nov-97	\$ 14.05	\$ 11.22	May-01	\$ 14.68	\$ 12.62	Nov-04	\$ 15.26	\$ 11.49
Dec-97	\$ 14.22	\$ 10.43	Jun-01	\$ 15.78	\$ 13.09	Dec-04	\$ 13.86	\$ 10.66
Jan-98	\$ 14.16	\$ 10.10	Jul-01	\$ 15.48	\$ 13.36	Jan-05	\$ 15.51	\$ 13.80
Feb-98	\$ 14.38	\$ 10.11	Aug-01	\$ 16.52	\$ 13.92	Feb-05	\$ 15.67	\$ 10.61
Mar-98	\$ 14.50	\$ 9.65	Sep-01	\$ 15.74	\$ 14.58	Mar-05	\$ 14.32	\$ 11.99
Apr-98	\$ 14.50	\$ 9.65	Oct-01	\$ 16.74	\$ 13.29	Apr-05	\$ 15.03	\$ 12.43
May-98	\$ 13.72	\$ 8.71	Nov-01	\$ 15.40	\$ 12.22	May-05	\$ 14.74	\$ 12.74
Jun-98	\$ 13.37	\$ 10.65	Dec-01	\$ 14.90	\$ 10.38	Jun-05	\$ 14.57	\$ 11.81
Jul-98	\$ 12.91	\$ 12.54	Jan-02	\$ 12.99	\$ 10.60	Jul-05	\$ 14.09	\$ 12.30
Aug-98	\$ 14.53	\$ 13.06	Feb-02	\$ 12.90	\$ 10.78	Aug-05	\$ 15.16	\$ 13.33
Sep-98	\$ 16.03	\$ 13.37	Mar-02	\$ 12.77	\$ 10.50	Sep-05	\$ 15.47	\$ 12.66
Oct-98	\$ 16.12	\$ 14.72	Apr-02	\$ 12.72	\$ 10.20	Oct-05	\$ 14.76	\$ 13.77
Nov-98	\$ 16.34	\$ 15.91	May-02	\$ 12.55	\$ 10.84	Nov-05	\$ 14.97	\$ 13.21
Dec-98	\$ 17.17	\$ 15.55	Jun-02	\$ 11.51	\$ 8.79	Dec-05	\$ 14.96	\$ 12.29
Jan-99	\$ 16.94	\$ 10.92	Jul-02	\$ 12.30	\$ 9.46	Jan-06	\$ 14.15	\$ 12.46
Feb-99	\$ 17.54	\$ 9.92	Aug-02	\$ 11.82	\$ 10.15	Feb-06	\$ 14.08	\$ 12.58
Mar-99	\$ 16.75	\$ 9.63	Sep-02	\$ 11.86	\$ 10.36	Mar-06	\$ 14.05	\$ 12.55
Apr-99	\$ 11.95	\$ 10.31	Oct-02	\$ 11.68	\$ 10.11	Apr-06	\$ 12.71	\$ 11.21
May-99	Missing May		Nov-02	\$ 11.60	\$ 10.66	May-06	\$ 12.44	\$ 10.94
Jun-99	\$ 12.86	\$ 9.51	Dec-02	\$ 12.04	\$ 10.61	Jun-06		

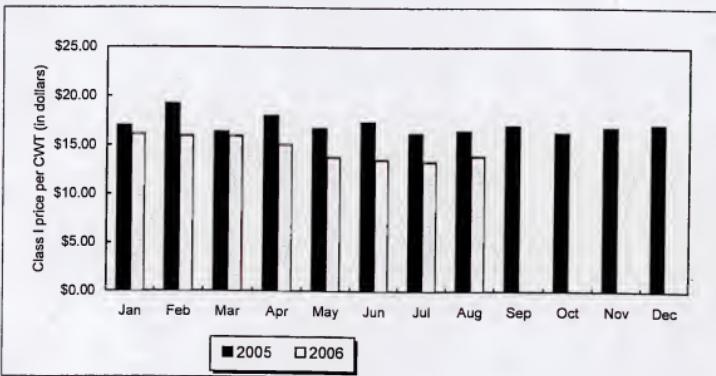
## PRODUCER CLASS I PRICE IN MONTANA

Charts below show a class I price comparison for 2005 and 2006

Statistics from the Montana Milk Control Bureau

Month	2005	2006	Difference	% Change
January	\$16.98	\$16.12	(\$0.86)	-5.06%
February	\$19.20	\$15.93	(\$3.27)	-17.03%
March	\$16.34	\$15.93	(\$0.41)	-2.51%
April	\$17.98	\$15.04	(\$2.94)	-16.35%
May	\$16.68	\$13.77	(\$2.91)	-17.45%
June	\$17.35	\$13.52	(\$3.83)	-22.07%
July	\$16.17	\$13.30	(\$2.87)	-17.75%
August	\$16.44	\$13.89	(\$2.55)	-15.51%
September	\$16.99			
October	\$16.25			
November	\$16.82			
December	<u>\$17.11</u>			
Average	\$17.03	\$14.69	(\$2.46)	-14.22%

Prices are per hundredweight (CWT).

**Completion of pooling (prior to audit) shows the producer quota blend prices to be:**

MAY 2006: class I = \$8.05; class II = \$1.27; Class III = \$2.89; total = \$12.20  
 (calculations based upon utilization percentages of butterfat & skim)